

103^D CONGRESS
2^D SESSION

S. 1924

To amend the Internal Revenue Code of 1986 to provide clarification for the deductibility of expenses incurred by a taxpayer in connection with the business use of the home.

IN THE SENATE OF THE UNITED STATES

MARCH 10 (legislative day, FEBRUARY 22), 1994

Mr. HATCH (for himself, Mr. EXON, and Mr. LIEBERMAN) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to provide clarification for the deductibility of expenses incurred by a taxpayer in connection with the business use of the home.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Home Office Deduc-
5 tion Act of 1994”.

1 **SEC. 2. CLARIFICATION OF DEFINITION OF PRINCIPAL**
2 **PLACE OF BUSINESS.**

3 Subsection (f) of section 280A of the Internal Reve-
4 nue Code of 1986 is amended by redesignating paragraphs
5 (2), (3), and (4) as paragraphs (3), (4), and (5), respec-
6 tively, and by inserting after paragraph (1) the following
7 new paragraph:

8 “(2) PRINCIPAL PLACE OF BUSINESS.—For
9 purposes of subsection (c), a home office shall in any
10 case qualify as the principal place of business if—

11 “(A) the office is the location where the
12 taxpayer’s essential administrative or manage-
13 ment activities are conducted on a regular and
14 systematic (and not incidental) basis by the tax-
15 payer, and

16 “(B) the office is necessary because the
17 taxpayer has no other location for the perform-
18 ance of the administrative or management ac-
19 tivities of the business.”.

20 **SEC. 3. TREATMENT OF STORAGE OF PRODUCT SAMPLES.**

21 Paragraph (2) of section 280A(c) of the Internal Rev-
22 enue Code of 1986 is amended by striking “inventory”
23 and inserting “inventory or product samples”.

24 **SEC. 4. EFFECTIVE DATE.**

25 The amendments made by this Act shall apply to tax-
26 able years beginning after December 31, 1991.

